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For Immediate Release

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Sen. Brown: ‘Treasury must do its job’

Tuesday, February 10, 2004 – An Auditor General’s finding that the Michigan Department of Treasury failed to collect \$119 million in taxes shows serious negligence given the recent argument for pausing the income tax cut, Sen. Cameron S. Brown said today.

“Before Michigan’s residents are asked to make sacrifices, they should know that their state government is doing its job properly,” said Brown, R-Fawn River Township. “How can we talk about freezing tax cuts when we haven’t collected taxes already on the books? No wonder people are critical of government. The Treasury Department needs to collect taxes owed the state before we pause the tax rate cut or eliminate vital services to the people of Michigan.”

Pausing the income-tax is expected to generate \$77 million. Brown voted against the pause.

“As a member of the Senate Appropriations Committee, and as a member of the newly created bi-cameral Tax Structure Committee, I will be asking the administration why these revenues have gone uncollected,” Brown said. “Taxes that are supposed to be collected should be collected.”

The performance audit, conducted by the state Auditor General at the request of Senate Majority Leader Ken Sikkema, R-Wyoming, determined that there were several instances where the department’s Bureau of Local Government Services failed to collect taxes.

“I applaud the majority leader’s initiative in requesting the audit,” Brown said.

In response to the Auditor General report, the Treasury Department has acknowledged failure in performing its duties in 25 of the 29 areas of responsibility cited in the audit.

The sample examined by the Auditor General was limited in scope, and included uncollected industrial facility taxes, state education taxes, and state tax revenue held by cities.

Treasury Director Jay Rising will testify before the Senate Finance Committee Wed., February 11 at 1 p.m. in the Senate Conference Room located on the 1st floor of the Farnum Building, 125 W. Allegan, Lansing.

Sen. Brown’s “Claim it Correctly” legislation that is now state law established the Principal Residence Assurance Program in the Department of Treasury to audit unlawful homestead property exemptions and collect revenue that had previously gone uncollected. This program, which closed a tax loophole, is expected to generate at least \$60 million in its first year.

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